

Franchise Tax Board**ANALYSIS OF ORIGINAL BILL**

Author: Strickland Analyst: Deborah Barrett Bill Number: AB 1135
Related Bills: See Legislative History Telephone: 845-4301 Introduced Date: February 23, 2007
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Agency Reports Required To Be Submitted To The Legislature Shall Include Signed Statement By The Head Of The Agency

SUMMARY

This bill would require the head of certain public entities to certify in a signed statement that the information in legislatively mandated reports is true, accurate, and complete to the best of his or her knowledge.

PURPOSE OF THE BILL

According to the author's staff, the purpose of this bill is to hold government officials accountable for the accuracy of the information they provide to the Legislature.

EFFECTIVE/OPERATIVE DATE

This bill would be effective on January 1, 2008, and become operative with respect to any reports submitted on or after that date.

POSITION

Pending.

ANALYSIS**STATE LAW**

Under current state law, the department is required to produce the following six legislatively mandated reports on an annual basis:

- Summary of Federal Income Tax Changes (submitted to the Legislature),
- Annual Taxpayers' Bill of Rights Report (submitted to the Legislature),
- Audit and Collections Activities (submitted to the Legislative Analyst's Office (LAO) and the Legislature),
- Audit Protest Cases (submitted to the LAO, the Legislature, and Department of Finance),
- Disabled Veterans Business Enterprise Statistics (submitted to the Governor, the Legislature, the Department of General Services, and the Department of Veterans Affairs), and
- Enterprise Zones (submitted to the Legislature and the Department of Housing and Community Development).

Board Position:

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Department Director**Date**

Selvin Stanislaus
by Lynette Iwafuchi

3/15/07

Under current state law, the department is required to provide, on a one-time basis, the following two reports as specified:

- Independent Contractor Withholding Report (submitted to the Legislature),
- Request for Innocent Spouse Relief Report (first report due January 01, 2008, to be submitted to the Legislature).

Additionally, under current state law, if a statute is enacted that establishes a new program or requires the issuance of a regulation, the state agency responsible for the new program or regulation must provide a report within six months of the operative date of the statute. The report will provide a summary of the actions taken by the state agency to implement the statute. The report is provided to the author of the legislation, the policy and fiscal committees of each house of the Legislature, and the Joint Legislative Budget Committee.

The three-member Franchise Tax Board (FTB) is comprised of the California State Controller, the Director of Finance, and the Chair of the State Board of Equalization. The Executive Officer of the department has the responsibility of overseeing the department's programs and operations in accordance with the FTB's direction. The Executive Officer is appointed by the FTB.

THIS BILL

This bill would require the head of any state agency, commission, or chair of a board that is required to submit a written report to the Legislature to sign a statement that to the best of his or her knowledge the information in the report is accurate, true, and correct. This bill specifies that the executive officer of FTB will be required to sign this statement.

This bill would apply to the head of every state agency, board, or commission, local governmental entity, school district, and special district, including, but not limited to, elected officials of state and local government, and any state official whose duties are prescribed by the California Constitution.

Additionally, this bill would provide that any person who signs a statement declaring information in a report to be true, but knows the information to be false, would be liable for a civil penalty not to exceed \$20,000. The civil penalty would be assessed and recovered in a civil action brought in the name of the people of the State of California in any court of competent jurisdiction by the Attorney General.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department's operations or programs.

LEGISLATIVE HISTORY

AB 2404 (Klehs 2005/06) contained similar provisions to this bill but differed with a lesser amount for the penalty and was not applicable to elected officials. AB 2404 was vetoed by the Governor. In his veto message, Governor Schwarzenegger stated, "The Legislature already has the authority to question the accuracy of a report by requiring those responsible for submitting the report to attest to the accuracy of the report under oath."

AB 1625 (Klehs 2005/06) contained similar provisions to AB 2404 but did not include provisions for local agencies. AB 1625 was also vetoed by the Governor. In his veto message, Governor Schwarzenegger stated, "The law already protects against falsified reports to the Legislature would consider similar legislation that applies to all written materials used in the course of legislative deliberations that applies to any official of the State, elected or appointed by the Governor, the Legislature, or any other constitutional office."

FISCAL IMPACT

This bill would not significantly impact the department's operations or programs.

ECONOMIC IMPACT

This bill would not impact state income tax revenues.

LEGISLATIVE STAFF CONTACT

Deborah Barrett
Franchise Tax Board
(916) 845-4301
deborah.barrett@ftb.ca.gov

Brian Putler
Franchise Tax Board
(916) 845-6333
brian.putler@ftb.ca.gov